

Frequently Asked Questions

General Business – Frequently Asked Questions

How do I start a business in Indiana?

Before working with the Indiana Department of Revenue to establish the proper, corporations, S Corporations, limited liability companies, nonprofit organizations, limited partnerships and limited liability partnerships one should register with the [Indiana Secretary of State](#).

Some businesses must then file the [Business Tax Application \(Form BT-1\)](#) with the Department. The BT-1 establishes the proper tax accounts that will apply to your business. For example, a business that sells a product will need to register for sales tax. A business that has employees will need to register for withholding tax.

Established businesses that need to update their accounts will need to file a new BT-1 if their business profile changes. For example, if a business previously did not have employees, but now needs to hire help, the business will need to file a [BT-1](#) to add the withholding tax account to its business profile.

How do I close my business in Indiana?

The Department requires a close of business notification ([Form BC-100](#)) to close the tax accounts for a business. If the BC-100 isn't filed, the Department may continue to send bills for estimated taxes.

How do I dissolve, liquidate or withdraw my corporation?

All businesses registered with the Secretary of State Corporate Division must first file Articles of Dissolution with the [Indiana Secretary of State](#). You may reach their office at (317) 232-6576.

Once the Articles of Dissolution are approved by the Secretary of State and you receive a Certificate of Dissolution, the Indiana Department of Revenue requires the following:

- [Form IT-966](#) is a notice of dissolution that is required of all organizations
- [BC-100](#) allows the Department to close your business trust tax accounts (i.e. sales tax, withholding tax, etc.)
- [Power of Attorney](#) is required if someone other than a corporate officer requests a clearance concerning your dissolution
- Final tax return for all Indiana tax type

Mail the completed forms to:

Indiana Department of Revenue
Enforcement Division/Corporate Dissolutions
100 N. Senate Ave., Room N241
Indianapolis, IN 46204

If you have additional questions, you may call the Department at (317) 233-0389.

Why do you require a Social Security number when filing a BT-1?

Social Security numbers are required by law. The Department does not provide any specific taxpayer account information to any organization or person outside of the Department. The Social Security number is also used to verify the identity of authorized people on the business tax account.

Can I add different tax types at a later date?

Yes. You can add different tax types as your business changes. You simply submit a new [BT-1](#) with the appropriate tax type added.

Can I register using more than one NAICS code?

While you must enter at least one NAICS code, you may register up to four codes.

How far in advance can I register my business?

The Department can process applications up to three months in advance.

What is the difference between LLC, LLP, corporation, S Corporation, sole proprietorship and partnership?

Limited liability partnership, limited liability companies and limited partnerships are unincorporated entities, but are still considered formally organized entities.

- Limited liability company (LLC) – A business structure that blends some characteristics of a partnership and a corporation. Liabilities are limited to the owner's agreed investment in the business. A LLC is an entity formed under state law by filing articles of organization. None of the members of an LLC are personally liable for the business's debt.
- Limited liability partnership (LLP) – A hybrid form of a general partnership.
- Limited partnership (LP) – A form of partnership in which liabilities are limited to general partners, while limited partners' liabilities are limited to their agreed investment in the business.
- S Corporation – An eligible domestic corporation that can avoid double taxation (once to the corporation and again to the shareholders and/or employees). This business structure is exempt from federal income tax other than tax on certain capital gains and passive income. The income passes through to individual shareholders and is taxed at the individual level. An additional requirement is to obtain a Federal Employer Identification number. According to federal guidelines, to obtain a S Corporation status federal [Form 2553](#) must be filed with the Internal Revenue Service
- Sole Proprietorship – A person who conducts business for profit. The sole owner assumes complete responsibility for all liabilities and debts of the business. Sole proprietorships are not required to register with the Indiana Secretary of State.
- Partnership – Two or more individuals that own a for-profit business. All partners are responsible for the liabilities and debts of the partnership. General partnerships are not required to register with the Indiana Secretary of State.

More information on the different kinds of business types can be found on the [Indiana Secretary of State](#) Web site.

If I registered for sales tax and hire employees later, what do I need to do?

You will need to add withholding tax type by filing a new [Business Tax Application \(Form BT-1\)](#).

If I change my organization type am I required to re-register with the Indiana Department of Revenue?

If an owner decides to change the organization type, he or she is required to complete a new application. If the owner is registering as a retail merchant there is a \$25 registration fee.

Change of a corporate officer does not require another registration. It is in the best interest of the taxpayer, however, to re-register and receive his or her own taxpayer identification number. If the taxpayer chooses not to do so he or she can update and/change responsible officers by completing the [Responsible Officer Change Form \(ROC-1\)](#).

Is a Federal Identification number required if I am a partnership?

Yes. The federal guidelines for businesses require partnerships and corporations to have an FID. This number is also required when you withhold federal income tax from an employee regardless of the business organization type. To receive more information on how to obtain an FID number call (800) 829-4933.

Am I required to register with the Secretary of State?

Organizations that are required to register with the Secretary of State include:

- Corporations
- S Corporations

- Limited Liability Company (LLC)
- Nonprofit Corporation
- Limited Partnership (LP)
- Limited Liability Partnership (LLP)

To receive additional information on registration requirements you may visit the [Secretary of State's Web site](#) or call (317) 232-6576.

What options do I have to file and pay my taxes?

There are several options available to taxpayers wishing to file and pay their taxes.

- INtax – Manage your Indiana tax obligations all in one convenient place. The Indiana tax center gives you immediate access to file and pay sales and withholding taxes; order returns; register a new business; reinstate retail merchant certificates; and much more. For more visit [INtax](#) or call (317) 233-8729.
- Electronic Funds Transfer – You have the options to sign up and pay through EFT. The available choices to pay are ACH Debit and ACH Credit. For more information about filing using EFT, please call (317) 232-5500.
- Paper Filing – Mail a paper return and pay with a check or money order

What determines my filing frequency and the due dates associated with each frequency?

The filing frequency is based on the average monthly liability throughout the tax year. Remember your filing status can be changed if there is an increase or decrease in the amount of tax you owe throughout the year. You will be notified of any changes to your filing status before the beginning of the next tax year. Also if your average monthly tax exceeds \$5,000, you are required to make payments by Electronic Funds Transfer. Call (317) 233-4015 if you have questions on your filing status.

Can I change how often I file my tax returns?

Yes. You can increase how often you file your returns, but you can't decrease how often you file. All business accounts are reviewed in November and any filing status changes are made at that time.

If I need to add a tax type to a previously registered account can I do this at any time?

Yes. Simply file an updated [Business Tax Application](#).

Why do I have to fill out a different application for each business and/or location?

Each separate location collecting sales tax is required to have a Registered Retail Merchant Certificate displayed in each place of business. Therefore, a separate registration is needed for each location.

Can I consolidate all of my companies under one Indiana tax identification number?

If the companies are separate entities with different federal identification numbers then you cannot consolidate under one tax identification number. However, if you have multiple locations under the same federal identification number you can consolidate under one Indiana TID.

Sales Tax – Frequently Asked Questions

How much is Indiana's sales tax?

Indiana's sales tax is 7 percent. [View the Department's sales tax chart](#).

Is a Registered Retail Merchant Certificate the same as a vendor's license?

No. You will need to contact your county clerk's office to apply for a vendor's license. The Department will issue an RRMC when the [Business Tax Application](#) is processed.

Am I required to renew my Registered Retail Merchant Certificate?

Yes. The RRMC must be renewed every two years. If all tax filings and payments are current, you will automatically be sent your renewed certificate. If the business account is missing returns or if there is a balance due to the Department, the RRMC will be held until the account is current.

How do I make sales-tax exempt purchases?

If you are buying items that qualify for a sales-tax exemption you can fill out [Form ST-105](#). You provide the merchant with the ST-105 for their records. The merchants will keep the ST-105 for their audit records. You may contact us at (317) 233-4015 if you have specific tax exempt questions.

What if I am entitled to an exemption but I do not have an Indiana taxpayer identification number, nor do I have a business license or registration number from my home state?

You have three options:

Option #1 – The [ST-105](#) form instructions details other options available to those businesses entitled to exemption, but do not meet the requirements of this form.

Option #2 - You may register with Indiana for free by filing a Business Tax Application ([BT-1](#)). Register for "Out-of-State Use Tax" to obtain a taxpayer identification number. Registration will require you to begin collecting Indiana sales tax on sales shipped (sourced) to Indiana locations, unless you receive an exemption certificate from your Indiana customers.

Option #3 - If you can not perform either option above but are entitled to an exemption, you must pay the Indiana sales tax to your vendor and then file for a refund directly with the Indiana Department of Revenue. You will need to file Form [GA-110L](#) with the Department.

What is Use Tax?

Use tax is due on property brought into Indiana for use, storage or consumption. Exceptions for this tax may be found in the Indiana Code ([IC 6-2.5-5](#) and [IC 6-2.5-3](#)).

Which purchases that I make on the Internet or out-of-state are taxable?

All purchases are subject to the sales tax. If tax is not collected from you by the seller, you are required to remit use tax on the purchase price.

What is the difference between use tax and sales tax?

Retail sales tax is applied when an item is sold in Indiana. This occurs when a business, warehouse, distribution center exists or when employees solicit or take orders for products in Indiana. This includes wholesale items.

Out-of-state Use Tax is a voluntary registration that is available to out-of-state businesses not meeting the conditions listed above.

While an Indiana retail merchant is issued a Registered Retail Merchant certificate, an out-of-state merchant is issued a permit authorizing them to collect sales on taxable items shipped into Indiana. View more on [sales tax](#) or use tax or you can call the Department at (317) 233-4015.

Withholding Tax – Frequently Asked Questions

Withholding Tax Frequently Asked Questions**How do I figure Indiana state withholding tax for my employees?**

[Departmental Notice #1](#) explains how to withhold taxes on employees. The current state withholding tax rate is 3.4 percent. The county tax rate will depend on where the employee resided as of Jan.1. If the county is a non-taxing county or the employee is working in Indiana but does not reside in Indiana then the non-resident rate should be used. If you have more questions please call (317) 233-4015.

How do I contact the Indiana Department of Revenue for help with withholding income tax?

The Department is happy to answer any question you may have about withholding taxes. For more information about withholding taxes, [click here](#), or call us at (317) 233-4016.

Who are withholding agents?

Withholding agents are employers who are required by the Internal Revenue Service to withhold income tax on salaries, wages, tips, fees, bonuses and commissions.

To find out if you should withhold state and county taxes for your employees, contact the [Internal Revenue Service](#) at **(800) 829-4933**. If you are required to withhold federal taxes, then you must also withhold Indiana state and county taxes.

Withholding payments must be made to the Indiana Department of Revenue by the due dates or penalties and interest will be assessed. If you do not file a return and pay the proper amount of tax, you will face criminal prosecution for fraud or tax evasion.

How do I register as a new withholding agent?

Complete and file a [Business Tax Application \(BT-1\)](#) with the Department of Revenue. If you registered with the Department previously, you must still file a new BT-1 when you add your first employee.

The Department provides the responsible officer of the organization three options for registration:

- Go online at [district offices](#)
- Complete a [BT-1](#) and mail it to:
Indiana Department of Revenue
Systems Services
P.O. Box 6197
Indianapolis, IN 46206-6197

Processing time for each method varies. The online application may take up to two business days to review, whereas mailing the BT-1 may take 6 – 8 weeks. Visiting a district office allows the application to be processed while you wait.

Once you have registered, you will receive an Indiana Taxpayer Identification Number that allows the business to be identified in the Department's system.

What information do I need to collect from my employees?

Employees should complete an Employee's [Withholding Exemption and County Status Certificate \(WH-4\)](#). This form provides the Department with:

The number of exemptions the employee will claim.

The county the employee is living and working in so that the proper county tax rate can be figured. Both the employer and the employee should keep a copy of the WH-4 for their records. The employee should update the WH-4 when the information changes, such as the number of exemptions.

What do I do if my employees work in Indiana, but live in another state?

Employers must withhold Indiana state tax from the employees' salaries unless the employees live in a state that has a Reciprocal Agreement with Indiana. For a complete list of reciprocal states, please visit the [Department's Web site](#) or call (317) 233-4016.

Do I have to withhold state taxes for part-time or summer employees?

Yes. Part-time or summer employees are treated the same as full-time employees.

Are there any cases I would not have to withhold state or county taxes for an employee?

Casual laborers, some domestic employees, ministers and those who receive pension annuities may choose not to have tax withheld from their earnings. However, their income is still subject to state and county tax. If you have questions about your specific situation, please call the Department at (317) 233-4016.

How do I make my payments to the Department?

You can use INTax, Indiana's free online tax filing program allows you to file and pay your business taxes and much more. With INTax, you can manage your obligations for Indiana retail sales, out of state sales,

prepaid sales, metered pump sales, tire fee, fuel tax and withholding taxes. To get started using INTax, [click here](#).

Taxpayers with an average withholding tax payments of more than \$5,000 must submit their payments via electronic funds transfer before their due date. All other withholding agents may make their payments via EFT or mail.

Those withholding agents who must file early, monthly, or quarterly will receive the Indiana Employer's Withholding Tax Return (WH-1). The WH-1 should be completed and returned to the Department on or before the due date. All Indiana withholding agents are required to complete and file an annual reconciliation form ([WH-3](#)) by Feb. 28 of the following year.

If you have more questions on withholding tax, please call the Department at (317) 233-4016.

What records do I need to keep as a withholding agent?

You should have a correct list of all employees, which includes:

- list of who is employed by the month, week, or day
- length of a normal pay period
- salaries
- SSN
- county of residence
- county of work

What information should I provide my employees for their records?

You should provide each employee with a statement of the amount of state and county tax withheld. This is usually shown on the federal Wage and Tax Statement (W-2). The employee must get a copy of this form by Jan. 31. A copy of the W-2 should also be sent to the Department by Feb 28. If you have more questions about withholding income tax, please visit the [Department's Web site](#) or call (317) 233-4016.

How does the Department determine when my withholding payments are due?

The Department uses the average anticipated monthly wages that are paid to your employees. If there is a significant increase or decrease in your average monthly tax withheld, your filing status will be adjusted.

Monthly average tax withheld	Filing Status	Due date(s)
\$25 or less	Semi-annual	30 days after the end of the month
\$75 or less	Quarterly	Last day of the month following the end of the quarter
\$1,000 or less	Monthly	30 days after the end of the month
More than \$1,000	Early filer	20 days after the end of the month

Billings – Frequently Asked Questions

How do I get information about my tax bill?

You can inquire about a tax bill by using the Department's automated information line. This information line is available Monday through Saturday 7 a.m. to 10 p.m. You can find out your current balance due on any individual or business tax liability by calling (317) 233-4018.

You will need to have your tax identification number or Social Security number and the liability number or warrant number available when you call. This information is on the notice that you have received.

If you have a rotary telephone, you may call (317) 232-2165 or (317) 232-2240 from 8 a.m. to 4:30 p.m., Monday through Friday.

What are my rights as an Indiana taxpayer?

All Indiana taxpayers have certain rights and responsibilities that correspond to the Indiana tax laws.

- Quality taxpayer service
- Taxpayer Advocate to help taxpayers in the preservation of their rights
- Taxpayer education and information
- A fair collection process
- Appointed hearing time and representation
- Demand Notices
- Warrants for collection of tax
- Judgment liens against property
- Annual Public Hearing and Department Report

For more information on what these rights mean, click [here](#).

What are my responsibilities as an Indiana taxpayer?

Your responsibilities as an Indiana taxpayer:

- You should file your tax returns and pay any taxes due on time.
- You should notify us in writing when you have an address change.
- You should know the tax laws that relate to you as an individual or a business, and comply with those laws.
- You should contact us if you have any questions or concerns.

How do I pay my tax bill?

If you are a business wanting to pay your Indiana retail sales, out of state sales, prepaid sales, metered pump sales, tire fee, fuel tax and payroll withholding taxes you can use [INtax](#), Indiana's free online tax filing program that allows you to file and pay your business taxes and much more.

The Department accepts [MasterCard, Visa, Discover, debit cards, electronic checks](#), check or money order.

A check or money order should be made payable to the Indiana Department of Revenue. Payments should be mailed to:

Indiana Department of Revenue
P.O. Box 595
Indianapolis, IN 46206-0595

What is the Department's delinquent tax collection process?

Every Indiana taxpayer has the right to a fair collection process. You have the right to protest a liability. If you protest a liability, the Department is required to conduct a hearing on that case. You are entitled to be represented at your hearing when your case is presented. If a liability is not paid or protested within 45 days of the first notice, we will issue a "Demand Notice" for payment before issuing a tax warrant. If we do not receive a payment, a warrant for the collection of tax will be issued. When a tax warrant is filed with your county clerk, it becomes a judgment lien (levy) against all your property within the county. The Department intends for you to have every opportunity to rectify your account balance whether it is paying it right away or protesting it.

[Read about the collection process.](#)

[Know your rights and responsibilities as an Indiana taxpayer.](#)